

Title: Coalbed Methane Gas Task Force Meeting

Date: August 3, 2006—Rawlins, WY

Absent: Chuck Townsend

Opening time: 8:12am

Meeting Notes:

- Chairman Childers offered opening remarks regarding meeting structure and accepting public comments.
- Aaron Clark made administrative comments introducing Melissa Bainer as the new administrative assistance assigned to the task force, replacing Karen Hayes.
- Mark Storzer of the BLM Rawlins Field Office gave an update on the Atlantic Rim project and the Seminole Road Project. Both are CBNG projects. Atlantic Rim is a 2000 well project southwest of Rawlins, with 1800 CBNG wells. The project will last 30-50 years. Anadarko is the lead proponent of the project. The proposal regarding the water is to re-inject all of the produced water. There is a small amount of surface discharge (Double Eagle has been doing some into a reservoir system, and they are looking at discharge into Cow Creek). Seminole Road is a 1240 well proposal where the operators are looking at surface discharging all of the water. There has been some concern about erosion due to the surface discharge. Depending on the success of these two projects, he anticipates more CBNG projects in the Rawlins area. Both projects are currently semi-operational. The Final EIS for both projects is being produced.
- Governor Freudenthal arrived at 8:27am. Chairman Childers welcomed him, and then the Governor offered remarks. He offered that the task force was created as a forum to encourage public input and discussion. He wants to ensure that the agricultural and public interests are heard by the task force, not only government interest.
- Bob Ruby addressed the Chairman with concerns with meeting the December deadline if the task force continues at its current pace. He has expressed that they have gained a lot of information but have lacked the necessary discussions about long-term planning.
- Helen Jones offered concerns about creating a statute that is uniform across the state. She did not see how they could balance the interests of agricultural producers (Powder River Basin) with projects near Rawlins.
- Similar concerns to H. Jones's and B. Ruby's were expressed by several members of the task force.
- The Governor offered that reaching solutions may be difficult. He suggested that the task force needs to combine the idea of what the issue actually is with two or three options within the issue. He encouraged the task force to not defer to the agencies or the legislature—the idea of the task force is to give everyone an equal voice.
- Chairman Childers responded by laying out the format and purpose of each past meeting—from introducing each member of the taskforce and their purpose to hearing from agriculture. Today's meeting is to develop a mission and strategy.
- Mark Doelger laid out the purpose and authority of the Pipeline Authority—they have the authority to build pipelines, including those that carry water. WPA wants to work w/ Task Force and Governor to complete project.

- The Governor was concerned that jumping straight to the pipeline is ignoring the discussion defining the issue.
- Aaron Clark asked that, going around the room, each member of the task force offer what they feel are the most important issues involved in the discussion of impacts and solutions. (See notes—AC's computer)
- Broke for lunch at 12:00pm—Reconvened at 1:09pm
- During the lunch break, Mary Flanderka and Aaron Clark assembled the major themes brought up during the morning session (see document below). After reconvening, MF asked for additions to the list, which were given by the taskforce.
- MF asked the task force to choose the order in which they would like to discuss the themes (specifically the first three). The task force selected:
  1. Quantity and/or Quality of Water and Benefits/Impacts Downstream
  2. Create opportunities/incentives to keep the water in the state and/or add value to the water.
  - ~~3. Need to protect state revenues along with the activities of landowners, industry, natural resources and other stakeholders~~
  4. Property and Landowner Rights—should a landowner be required to accept discharge-related impacts whether they want it or not? We need to better understand application and useful purposes of downstream bottomlands to agriculture producers.
  5. Need for a non-court dispute resolution mechanism
  6. Need to balance water production, costs and uses (cost/benefit analysis)
  7. Predict water production—when and how much
  8. Water planning (based on geography or project or basin)
  9. Regulatory and statutory gaps and possibilities
- It was made clear that the vote did not represent a prioritization—only an order in which the issues would be addressed
- The task force was then asked to consider how they would like to address those priorities (specifically the first three for today's meeting)
- They opted to brainstorm/test-drive the first priority for 30 minutes (come up with group knowledge, questions, ideas, etc.—things important to the task force) as an example of a possible method of attack for all of the priorities and then break into groups of five members, each with one priority to address for later presentation
- *Priority One:* What do we need to know to address this theme/what do we care about in making policy decisions?
  - Volume and quality of discharge vs. background stream flow in PRB;
  - Number of wells and water production for the PRB;
  - Existing water rights/water uses in the PRB;
  - With proper modifications and amendment the water can be used for irrigation;
  - In areas without defined ephemeral stream channels there are quantity impacts to land owners;
  - Baseline stream flow and water quality;

- How does vegetation change in ephemeral drainages subject to CBM discharge;
- Does CBM water used for irrigation have long-term soil production impacts (DOA);
- Does CBM water change soil characteristics in CBM discharge streams;
- Prepared list of known benefits and known impacts;
- Understand soil, vegetation and wildlife recovery after discharge ceases;
- Estimates of water production and water quality state-wide;
- Need to summarize out-of-state regulations that affect discharge in-state (Colorado River Salinity Control Forum);
- Potential impact to endangered species (ESA) both in- and out-of state;
- Who else (in and out of state) is working on these issues?
- What are the benefits of operations to landowners?
- *Priority Two:* What do we need to know to address this theme/what do we care about in making policy decisions?
  - List water management alternatives and their volumes.
  - What unmet water needs exist?
  - What are the water management alternative costs?
  - How much capacity is there in Lake De Smet?
  - What is the feasibility of using the water at municipalities – is it cost effective?
  - Can water be used in other areas of the state (i.e. Bighorn Basin)?
  - Under what conditions can the water leave the state?
  - What is the value of water for each use?
  - What opportunities exist to add value?
  - How can incentives be offered to operators and landowners for water uses?
  - What is an incentive?
  - What types of vegetation and soils are suitable for CMB discharge – crops for ethanol?
  - Who pays for, or provides incentives?
  - Severance tax relief to treat water or use the water.
  - Is cost-effectiveness the only test or are there overriding policy questions that need to be addressed?
  - Incentives need to support on-going operations.
  - Recognize that mineral industry already contributes incentives to all the residents of the state.
  - Can incentives be developed to support new technologies to reduce water production and impacts?
  - Summarize revenues and other benefits associated with CBM development. (Departments of Revenue and Education)
  - List of win-win options.
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- Task force decided that priority number three fell outside their scope, and therefore decided to strike it from the list. The list is going to slide up (4→3; 5→4; etc.)

- Task force decided what the next steps are for priorities number one and two, which have been laid out above→they will individually review the points made for each priority point
- John Corra is providing a power point presentation via email and hard copy which outlines federal rules and regulations and is welcoming questions brought about after review
- Pat Tyrell also prepared a presentation which was provided to the TF in hard copy
- At the Lusk meeting (Sept.), an hour will be dedicated to discussing injection; there will also be a morning public comment period to allow them to discuss the themes created today
- Comments on the previous meeting's minutes will be offered at the beginning of subsequent meetings

#### Public Comments:

- Pat O'Toole- South of Rawlins you cross the continental divide, and in the last year, three gas pipelines have been built. When you multiply the numbers of pipeline capacity with the three pipelines, it is a very big number. There are a lot of people who have been working on solutions, and he is frustrated that people were only thinking about questions. Has had two grandchildren born in the last few years, and his land is at the southern end of the Atlantic Rim, and his new grandchildren will never have the opportunity to see the land that he knows b/c of industry development. Exercise of trying to play catch-up is frustrating.

Adjournment at 4:28pm.